

VENTURA COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

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VENTURA COMMUNITY SCHOOL DISTRICT

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------|--------------|---------------------|
|-------------|--------------|---------------------|

Board of Education

| | | |
|-------------------|----------------|------|
| Larry P. Costello | President | 2017 |
| Steve Watson | Vice President | 2015 |
| Gene Toppin | Board Member | 2015 |
| Allison Linahon | Board Member | 2017 |
| Danny Miller | Board Member | 2015 |

School Officials

| | |
|----------------|------------------------------|
| Tyler Williams | Superintendent |
| Nancy Watson | District Secretary/Treasurer |

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
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Independent Auditor's Report

To the Board of Education of
Ventura Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District, Ventura, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 12 to the financial statements, Ventura Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial

Reporting for Pensions . an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 43 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ventura Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2016 on our consideration of Ventura Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ventura Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

June 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ventura Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ending June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,746,066 in fiscal 2014 to \$3,896,581 in fiscal 2015, and the General Fund expenditures increased from \$4,143,426 in fiscal 2014 to \$4,392,534 in fiscal 2015. The District's General Fund balance decreased from \$867,614 in fiscal 2014 to \$364,660 in fiscal 2015, a decrease of 58%.
- The increase in General Fund revenues was attributable to an increase in federal funding and other miscellaneous revenue. The increase in expenditures was due primarily to instructional and support staff salaries and benefits and additional purchases services for Media and Technology.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Ventura Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report Ventura Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Ventura Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the non-major governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund. The District's Internal Service Fund is another type of proprietary fund. The Internal Service Fund is used to account for the District's employee flexible benefit plan.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds. This fund includes the Ventura Community School District Foundation as required by Chapter 279.62 of the Code of Iowa.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statement for fiduciary funds includes a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-1

| | Condensed Statement of Net Position | | | | | | Percentage Change |
|--------------------------------|-------------------------------------|-------------------|-----------------|--------------|------------------|-------------------|----------------------|
| | Governmental | | Business-type | | Total | | |
| | Activities | | Activities | | School District | | |
| | 2015 | 2014 (Not | 2015 | 2014 (Not | 2015 | 2014 (Not | |
| | \$ | restated) | \$ | restated) | \$ | \$ | 2014-2015 |
| | | | | | | | % |
| Current and other assets | 1,859,786 | 5,150,557 | 5,291 | 4,789 | 1,865,077 | 5,155,346 | -64% |
| Capital assets | 5,008,330 | 5,202,860 | 1,694 | 2,091 | 5,010,024 | 5,204,951 | -4% |
| Total assets | 6,868,116 | 10,353,417 | 6,985 | 6,880 | 6,875,101 | 10,360,297 | -34% |
| Deferred outflows of resources | 275,557 | - | 9,846 | - | 285,403 | - | 100% |
| Long-term liabilities | 2,593,813 | 1,555,777 | 36,916 | 2,308 | 2,630,729 | 1,558,085 | 69% |
| Other liabilities | 107,822 | 532,007 | - | - | 107,822 | 532,007 | -80% |
| Total liabilities | 2,701,635 | 2,087,784 | 36,916 | 2,308 | 2,738,551 | 2,090,092 | 31% |
| Deferred inflows of resources | 401,748 | 2,292,587 | 15,299 | 1,926 | 417,047 | 2,294,513 | -82% |
| Net Position: | | | | | | | |
| Investment in capital assets | 3,713,330 | 3,837,860 | 1,694 | 2,091 | 3,715,024 | 3,839,951 | -3% |
| Restricted | 1,178,920 | 1,297,131 | - | - | 1,178,920 | 1,297,131 | -9% |
| Unrestricted | (851,960) | 838,055 | (37,078) | 555 | (889,038) | 838,610 | -206% |
| TOTAL NET POSITION | 4,040,290 | 5,973,046 | (35,384) | 2,646 | 4,004,906 | 5,975,692 | -33 % |

The District's combined net position decreased by 33% or \$1,970,786 from the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position decreased \$118,211 or 9% from the prior year. The decrease was primarily the result of an increase in expenditures in general fund and pension liabilities.

Unrestricted net position is the part of the net assets that can be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. It decreased \$1,727,648 or 206%. This decrease was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions is an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,526,343 and \$116,197, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-2 shows the changes in net position for the year ending June 30, 2015 compared to the year ended June 30, 2014.

Figure A-2

| | Change in Net Position | | | | | | Percentage Change |
|----------------------------------|------------------------|------------------------|---------------|------------------------|-----------------|------------------------|----------------------|
| | Governmental | | Business-type | | Total | | |
| | Activities | | Activities | | School District | | |
| | 2015 | 2014 (Not restated) | 2015 | 2014 (Not restated) | 2015 | 2014 (Not restated) | |
| Revenues | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Program Revenues: | | | | | | | |
| Charges for services | 1,563,322 | 1,497,468 | 77,334 | 70,739 | 1,640,656 | 1,568,207 | 5% |
| Operating grants & contributions | 393,850 | 363,330 | 60,452 | 75,480 | 454,302 | 438,810 | 4% |
| Capital grants & contributions | - | - | - | - | - | - | |
| General Revenues: | | | | | | | |
| Property taxes | 2,267,873 | 2,266,268 | - | - | 2,267,873 | 2,266,268 | <1% |
| Income Surtax | 32,399 | 244,780 | - | - | 32,399 | 244,780 | -87% |
| Statewide sales tax | 203,845 | 185,910 | - | - | 203,845 | 185,910 | 10% |
| Unrestricted state grants | 24,599 | 27,324 | - | - | 24,599 | 27,324 | -10% |
| Unrestricted investment earnings | 4,375 | 5,444 | - | - | 4,375 | 5,444 | -20% |
| Other revenue | 98,017 | 124 | - | - | 98,017 | 124 | 78,946% |
| Total Revenues | 4,588,280 | 4,590,648 | 137,786 | 146,219 | 4,726,066 | 4,736,867 | -.<1% |

| | | | | | | | |
|---|------------------|------------------|----------------|----------------|------------------|------------------|--------------|
| Expenses: | | | | | | | |
| Instruction | 3,448,209 | 3,243,378 | - | - | 3,448,209 | 3,243,378 | 6% |
| Support services | 1,429,681 | 1,050,236 | - | - | 1,429,681 | 1,050,236 | 36% |
| Non-instructional programs | - | 571 | 141,986 | 155,157 | 141,986 | 155,728 | -9% |
| Other expenditures | 493,473 | 389,355 | - | - | 493,473 | 389,355 | 27% |
| Total expenses | 5,371,363 | 4,683,540 | 141,986 | 155,157 | 5,513,349 | 4,838,697 | 14% |
| Transfers | (7,001) | (7,000) | 7,001 | 7,000 | - | - | |
| CHANGE IN NET POSITION | (790,084) | (99,892) | 2,801 | (1,938) | (787,283) | (101,830) | -673% |
| Net position beginning of year, as restated | 4,830,374 | 6,072,938 | (38,185) | 4,584 | 4,792,189 | 6,077,522 | -21% |
| Net position end of year | 4,040,290 | 5,973,046 | (35,384) | 2,646 | 4,004,906 | 5,975,692 | -33% |

Property tax and unrestricted state grants account for 48% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89% of the total expenses.

Governmental Activities

Revenues from governmental activities were \$4,588,280 and expenses were \$5,371,363.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-3

| | Total and Net Cost of Governmental Activities | | | |
|----------------------------|---|---------------------|------------------|---------------------|
| | Total Cost | | Net Cost | |
| | 2015 | 2014 (Not restated) | 2015 | 2014 (Not restated) |
| | \$ | \$ | \$ | \$ |
| Instruction | 3,448,209 | 3,243,378 | 1,966,232 | 1,756,882 |
| Support Services | 1,429,681 | 1,050,236 | 1,054,633 | 780,232 |
| Non-instructional Programs | - | 571 | - | 571 |
| Other Expenses | 493,473 | 389,355 | 393,326 | 285,057 |
| TOTAL | 5,371,363 | 4,683,540 | 3,414,191 | 2,822,742 |

- The cost financed by users of the District's programs was \$1,563,322.
- Federal and State governments subsidized certain programs with grants and contributions totaling \$393,850.
- The net cost of governmental activities was financed with \$2,504,117 in property and other taxes and \$24,599 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$137,786 and expenses were \$141,986. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ending June 30, 2015, student meal prices increased by .05 cents (now \$2.35) and adult meals increased by .10 cents (now \$3.30).

INDIVIDUAL FUND ANALYSIS

As stated previously, Ventura Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,697,648, a decrease of \$428,900 from last year's ending fund balance of \$2,126,548 or a 20% decrease.

Governmental Fund Highlights

- The General Fund balance decreased from \$867,614 to \$364,660 due in large part to an increase in staff salary and benefits.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$200,168 in fiscal 2014 to \$312,721 in fiscal 2015. Expenses were kept to a minimum to build the balance back up.
- The Sales Tax account balance increased from \$560,434 in 2014 to \$563,874 in 2015. The district continued to use these monies for payments of interest and principal for the JH renovation project debt. No other major projects were undertaken with this funding.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$(38,185) restated in fiscal 2014 to \$(35,384) in fiscal 2015, representing an increase of 7%. Lunch prices increased by .05 cents (2014-15) for students and increased by .10 for adult meals, however food prices also increased. However, the District also reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position.

BUDGETARY HIGHLIGHTS

The District's receipts were \$89,704 less than budgeted receipts. The most significant variance resulted from receiving more revenues from local and State sources than originally anticipated. Additional miscellaneous revenue came from Whole Grade Sharing Teachers and other shared staff.

Total expenditures were more than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-

item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the instructional, support services, and other expenditures functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$5,010,024, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A) This represents a net decrease of 4% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statement. Depreciation expense for the year was \$326,142.

The decrease is attributable to another year of depreciation being added to the schedule with that amount being in excess of new equipment purchased.

Figure A-4

Capital Assets (net of depreciation)

| | Governmental Activities | | Business type Activities | | Total School District | | Percentage Change |
|--------------------------|----------------------------|------------------|-----------------------------|--------------|--------------------------|------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2014-2015 |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Land | 27,350 | 27,350 | 0 | 0 | 27,350 | 27,350 | 0% |
| Construction in progress | 0 | 0 | 0 | 0 | 0 | 0 | |
| Buildings | 4,379,434 | 4,602,042 | 0 | 0 | 4,379,434 | 4,602,042 | -5% |
| Improvements | 120,803 | 121,646 | 0 | 0 | 120,803 | 121,646 | -1% |
| Equipment & Furniture | 480,743 | 451,822 | 1,694 | 2,091 | 482,437 | 453,913 | 6% |
| TOTAL | 5,008,330 | 5,202,860 | 1,694 | 2,091 | 5,010,024 | 5,204,951 | -4% |

Long-Term Debt

At June 30, 2015 the District had \$2,630,729 in revenue and other long-term debt outstanding. This represents a decrease of \$245,807 from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

In July, 2010 the District issued \$1,730,000 of sales tax revenue bonds that would be used for building renovations.

The July, 2010 bonds carry a bond rating of A-/Stable assigned by national rating agency since August 2011.

The constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the district. The District's outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately 12 million.

Figure A-7

Outstanding Long-Term Obligations

| | Total School District | | Total Change |
|--------------------------|------------------------------|------------------|---------------------|
| | 2015 | 2014 | 2014-2015 |
| | \$ | \$ | |
| Governmental activities: | | | |
| Revenue bonds | 1,295,000 | 1,365,000 | -5% |
| Termination benefits | 251,348 | 107,388 | 134% |
| Compensated absences | 12,533 | 14,398 | -13% |
| Net pension liability | 958,120 | 1,283,843 | -25% |
| Net OPEB liability | 76,812 | 68,991 | 11% |
| | <u>2,593,813</u> | <u>2,839,620</u> | -9% |
| Business type activities | | | |
| Net pension liability | 34,236 | 45,875 | -25% |
| Net OPEB liability | 2,680 | 2,308 | 16% |
| | <u>36,916</u> | <u>48,183</u> | -23% |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstance that could significantly affect its financial health in the future:

- The Ventura Community School District patrons voted on September 9, 2014, to re-organize with the Garner-Hayfield Community School District to become the Garner-Hayfield-Ventura Community School District effective July 1, 2015. The Ventura Community School District will no longer be in operation after June 30, 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Patricia Schmidt, Shared School Business Official, Ventura Community School District, 300 South Main, Ventura, IA 50482.

BASIC FINANCIAL STATEMENTS

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

| | Governmental Activities | Business Type Activities | Total |
|---|----------------------------|--------------------------------|------------------|
| | \$ | \$ | \$ |
| Assets | | | |
| Cash, cash equivalents and pooled investments | 1,677,890 | 2,429 | 1,680,319 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 14,009 | - | 14,009 |
| Accounts | 687 | 191 | 878 |
| Due from other governments | 143,915 | - | 143,915 |
| Inventories | - | 2,671 | 2,671 |
| Unamortized bond issue costs | 23,285 | - | 23,285 |
| Capital assets, net of accumulated depreciation | 5,008,330 | 1,694 | 5,010,024 |
| Total assets | 6,868,116 | 6,985 | 6,875,101 |
| Deferred Outflows of Resources | | | |
| Pension related deferred outflows | 275,557 | 9,846 | 285,403 |
| Liabilities | | | |
| Accounts payable | 83,106 | - | 83,106 |
| Accrued interest payable | 24,716 | - | 24,716 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| Revenue bonds payable | 65,000 | - | 65,000 |
| Termination benefits | 62,808 | - | 62,808 |
| Compensated absences | 12,533 | - | 12,533 |
| Portion due after one year: | | | |
| Revenue bonds payable | 1,230,000 | - | 1,230,000 |
| Termination benefits | 188,540 | - | 188,540 |
| Net pension liability | 958,120 | 34,236 | 992,356 |
| Net OPEB liability | 76,812 | 2,680 | 79,492 |
| Total liabilities | 2,701,635 | 36,916 | 2,738,551 |
| Deferred Inflows of Resources | | | |
| Pension related deferred inflows | 365,399 | 13,057 | 378,456 |
| Other | 36,349 | 2,242 | 38,591 |
| | 401,748 | 15,299 | 417,047 |

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

| | Governmental Activities | Business Type Activities | Total |
|-----------------------------------|----------------------------|--------------------------------|------------------|
| | \$ | \$ | \$ |
| Net position | | | |
| Net investment in capital assets | 3,713,330 | 1,694 | 3,715,024 |
| Restricted for: | | | |
| Categorical funding | 121,996 | - | 121,996 |
| Management levy | 75,390 | - | 75,390 |
| Physical plant and equipment levy | 312,721 | - | 312,721 |
| Student activities | 39,938 | - | 39,938 |
| School infrastructure | 563,874 | - | 563,874 |
| Debt service | 65,001 | - | 65,001 |
| Unrestricted | (851,960) | (37,078) | (889,038) |
| Total net position | <u>4,040,290</u> | <u>(35,384)</u> | <u>4,004,906</u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

| Functions/Programs | Expenses | Program Revenues | | |
|---|------------------|----------------------|---|---|
| | | Charges for Services | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest |
| | \$ | \$ | \$ | \$ |
| Governmental activities: | | | | |
| Instruction: | | | | |
| Regular | 2,733,934 | 916,622 | 263,578 | - |
| Special | 296,634 | 143,183 | 9,224 | - |
| Other | 417,641 | 131,427 | 17,943 | - |
| | <u>3,448,209</u> | <u>1,191,232</u> | <u>290,745</u> | <u>-</u> |
| Support services: | | | | |
| Student | 134,979 | 5,217 | - | - |
| Instructional staff | 182,648 | - | - | - |
| Administration | 547,772 | 327,582 | - | - |
| Operation and maintenance of plant | 361,116 | 18,038 | - | - |
| Transportation | 203,166 | 21,253 | 2,958 | - |
| | <u>1,429,681</u> | <u>372,090</u> | <u>2,958</u> | <u>-</u> |
| Other expenditures: | | | | |
| Facilities acquisition | 109,413 | - | - | - |
| Long-term debt interest | 51,182 | - | - | - |
| AEA flowthrough | 100,147 | - | 100,147 | - |
| Depreciation (unallocated)* | 232,731 | - | - | - |
| | <u>493,473</u> | <u>-</u> | <u>100,147</u> | <u>-</u> |
| Total governmental activities | 5,371,363 | 1,563,322 | 393,850 | - |
| Business type activities: | | | | |
| Non-instructional programs: | | | | |
| Food service operations | 141,986 | 77,334 | 60,452 | - |
| Total | <u>5,513,349</u> | <u>1,640,656</u> | <u>454,302</u> | <u>-</u> |
| General Revenues: | | | | |
| Property taxes levied for: | | | | |
| General purposes | | | | |
| Capital outlay | | | | |
| Income surtax | | | | |
| Statewide sales, services and use tax | | | | |
| Unrestricted state grants | | | | |
| Unrestricted investment earnings | | | | |
| Other | | | | |
| Total general revenues | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position beginning of year (restated) | | | | |
| Net position end of year | | | | |

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

| Governmental Activities | Business Type Activities | Total |
|----------------------------|-----------------------------|-------------|
| \$ | \$ | \$ |
| (1,553,734) | - | (1,553,734) |
| (144,227) | - | (144,227) |
| (268,271) | - | (268,271) |
| (1,966,232) | - | (1,966,232) |
| (129,762) | - | (129,762) |
| (182,648) | - | (182,648) |
| (220,190) | - | (220,190) |
| (343,078) | - | (343,078) |
| (178,955) | - | (178,955) |
| (1,054,633) | - | (1,054,633) |
| (109,413) | - | (109,413) |
| (51,182) | - | (51,182) |
| - | - | - |
| (232,731) | - | (232,731) |
| (393,326) | - | (393,326) |
| (3,414,191) | - | (3,414,191) |
| - | (4,200) | (4,200) |
| (3,414,191) | (4,200) | (3,418,391) |
| 2,012,419 | - | 2,012,419 |
| 255,454 | - | 255,454 |
| 32,399 | - | 32,399 |
| 203,845 | - | 203,845 |
| 24,599 | - | 24,599 |
| 4,375 | - | 4,375 |
| 98,017 | - | 98,017 |
| 2,631,108 | - | 2,631,108 |
| (7,001) | 7,001 | - |
| 2,624,107 | 7,001 | 2,631,108 |
| (790,084) | 2,801 | (787,283) |
| 4,830,374 | (38,185) | 4,792,189 |
| 4,040,290 | (35,384) | 4,004,906 |

VENTURA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2015

| | General | Capital Projects | Nonmajor Governmental | Total |
|---|----------------|---------------------|--------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Cash, cash equivalents and pooled investments | 365,468 | 853,502 | 455,230 | 1,674,200 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | 11,811 | 1,577 | 621 | 14,009 |
| Accounts | 145 | - | 542 | 687 |
| Interfund receivable | 2,050 | - | - | 2,050 |
| Due from other governments | 112,014 | 31,901 | - | 143,915 |
| Total assets | 491,488 | 886,980 | 456,393 | 1,834,861 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 72,721 | 10,385 | - | 83,106 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues: | | | | |
| Income surtax | 17,758 | - | - | 17,758 |
| Other | 36,349 | - | - | 36,349 |
| Total deferred inflows of resources | 54,107 | - | - | 54,107 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Categorical funding | 121,996 | - | - | 121,996 |
| Debt service | - | 158,911 | 89,717 | 248,628 |
| Management levy | - | - | 326,738 | 326,738 |
| Student activities | - | - | 39,938 | 39,938 |
| School infrastructure | - | 404,963 | - | 404,963 |
| Physical plant and equipment | - | 312,721 | - | 312,721 |
| Unassigned | 242,664 | - | - | 242,664 |
| Total fund balances | 364,660 | 876,595 | 456,393 | 1,697,648 |
| Total liabilities, deferred inflows of resources and fund balances | 491,488 | 886,980 | 456,393 | 1,834,861 |

VENTURA COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

| | | |
|---|------------------|-------------------------|
| | | \$ |
| Total fund balances of governmental funds (Exhibit C) | | 1,697,648 |
| <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | | 5,008,330 |
| Bond issue costs are expensed when incurred for governmental fund reporting, but are capitalized and expensed over the life of the bonds for government wide reporting. | | 23,285 |
| Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. | | 17,758 |
| Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. | | (24,716) |
| An internal service fund is used by the District's management to charge the costs of the employee flexible benefit program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities. | | 1,641 |
| Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows: | | |
| Deferred outflows of resources | 275,557 | |
| Deferred inflows of resources | <u>(365,399)</u> | (89,842) |
| Long-term liabilities, including bonds payable, compensated absences, termination benefits, other postemployment benefits payable and net pension liability are not due and payable in the current year and therefore, are not reported as liabilities in the governmental funds. | | <u>(2,593,814)</u> |
| Net position of governmental activities (Exhibit A) | | <u><u>4,040,290</u></u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

| | General | Capital | Nonmajor | Total |
|---|------------------|------------------|------------------|------------------|
| | \$ | Projects | Governmental | \$ |
| | | \$ | \$ | |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | 2,043,786 | 337,881 | 100,516 | 2,482,183 |
| Tuition | 992,105 | - | - | 992,105 |
| Other | 442,241 | 1,878 | 136,443 | 580,562 |
| State sources | 311,532 | 203,845 | - | 515,377 |
| Federal sources | 106,917 | - | - | 106,917 |
| Total revenues | <u>3,896,581</u> | <u>543,604</u> | <u>236,959</u> | <u>4,677,144</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 2,463,467 | - | 86,715 | 2,550,182 |
| Special | 295,889 | - | - | 295,889 |
| Other | 269,117 | - | 148,152 | 417,269 |
| | <u>3,028,473</u> | <u>-</u> | <u>234,867</u> | <u>3,263,340</u> |
| Support services: | | | | |
| Student | 132,686 | - | 379 | 133,065 |
| Instructional staff | 137,805 | 43,708 | 949 | 182,462 |
| Administration | 509,955 | 32,650 | 2,885 | 545,490 |
| Operation and maintenance of plant | 315,037 | 16,670 | 25,233 | 356,940 |
| Transportation | 168,431 | 100,470 | 8,035 | 276,936 |
| | <u>1,263,914</u> | <u>193,498</u> | <u>37,481</u> | <u>1,494,893</u> |
| Other expenditures: | | | | |
| Facilities acquisition | - | 118,693 | - | 118,693 |
| Long-term debt: | | | | |
| Principal | - | - | 70,000 | 70,000 |
| Interest and fiscal charges | - | 1,000 | 50,970 | 51,970 |
| AEA flowthrough | 100,147 | - | - | 100,147 |
| | <u>100,147</u> | <u>119,693</u> | <u>120,970</u> | <u>340,810</u> |
| Total expenditures | <u>4,392,534</u> | <u>313,191</u> | <u>393,318</u> | <u>5,099,043</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(495,953)</u> | <u>230,413</u> | <u>(156,359)</u> | <u>(421,899)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 114,420 | 114,420 |
| Transfers out | (7,001) | (114,420) | - | (121,421) |
| Total other financing sources (uses) | <u>(7,001)</u> | <u>(114,420)</u> | <u>114,420</u> | <u>(7,001)</u> |
| Change in fund balances | (502,954) | 115,993 | (41,939) | (428,900) |
| Fund balances beginning of year | <u>867,614</u> | <u>760,602</u> | <u>498,332</u> | <u>2,126,548</u> |
| Fund balances end of year | <u>364,660</u> | <u>876,595</u> | <u>456,393</u> | <u>1,697,648</u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2015

| | \$ | \$ |
|---|------------------|-------------------------|
| Change in fund balances - total governmental funds (Exhibit E) | | (428,900) |
| <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i> | | |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows: | | |
| Expenditures for capital assets | 131,215 | |
| Depreciation expense | <u>(325,745)</u> | (194,530) |
| Income surtaxes and other receivables not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities. | | (181,911) |
| Bond issue costs are expensed when incurred for governmental fund reporting, but are capitalized and expensed over the life of the bonds for government wide reporting. | | (1,663) |
| Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | | 70,000 |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. | | 788 |
| The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. | | 177,122 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows: | | |
| Termination benefits | (143,961) | |
| Compensated absences | 1,865 | |
| Pension expense | (82,412) | |
| Other postemployment benefits | <u>(7,821)</u> | (232,329) |
| An internal service fund is used by the District's management to charge the costs of the employee flexible benefit program to the individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. | | <u>1,339</u> |
| Changes in net position of governmental activities (Exhibit B) | | <u><u>(790,084)</u></u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds

June 30, 2015

| | Major School Nutrition \$ | Governmental Activities - Internal Service \$ |
|---|------------------------------------|---|
| Assets | | |
| Current assets: | | |
| Cash, cash equivalents and pooled investments | 2,429 | 3,691 |
| Accounts receivable | 191 | - |
| Inventories | 2,671 | - |
| Total current assets | <u>5,291</u> | <u>3,691</u> |
| Noncurrent assets: | | |
| Capital assets, net of accumulated depreciation | <u>1,694</u> | <u>-</u> |
| Total assets | <u>6,985</u> | <u>3,691</u> |
| Deferred Outflows of Resources | | |
| Pension related deferred outflows | <u>9,846</u> | <u>-</u> |
| Liabilities | | |
| Current liabilities: | | |
| Interfund payable | - | 2,050 |
| Deferred revenue | 2,242 | - |
| Total current liabilities | <u>2,242</u> | <u>2,050</u> |
| Noncurrent liabilities: | | |
| Net pension liability | 34,236 | - |
| Net OPEB liability | 2,680 | - |
| Total noncurrent liabilities | <u>36,916</u> | <u>-</u> |
| Total liabilities | <u>39,158</u> | <u>2,050</u> |
| Deferred Inflows of Resources | | |
| Pension related deferred inflows | <u>13,057</u> | <u>-</u> |
| Net position | | |
| Investment in capital assets | 1,694 | - |
| Unrestricted | <u>(37,078)</u> | <u>1,641</u> |
| Total net position | <u>(35,384)</u> | <u>1,641</u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2015

| | Major School Nutrition | Governmental Activities - Internal Service |
|--|------------------------------|---|
| | \$ | \$ |
| Operating revenues: | | |
| Local sources: | | |
| Charges for service | 77,334 | 15,421 |
| Operating expenses: | | |
| Non-instructional programs: | | |
| Salaries | 74,038 | - |
| Benefits | 9,544 | - |
| Purchased services | - | 14,082 |
| Supplies | 58,007 | - |
| Depreciation | 397 | - |
| Total operating expenses | 141,986 | 14,082 |
| Operating income (loss) | (64,652) | 1,339 |
| Non-operating revenues: | | |
| State sources | 2,169 | - |
| Federal sources | 58,283 | - |
| Total non-operating revenues | 60,452 | - |
| Gain (loss) before transfers | (4,200) | 1,339 |
| Transfers in | 7,001 | - |
| Change in net position | 2,801 | 1,339 |
| Net position beginning of year (as restated) | (38,185) | 302 |
| Net position end of year | (35,384) | 1,641 |

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2015

| | Major School Nutrition | Governmental Activities - Internal Service |
|--|---------------------------|---|
| | \$ | \$ |
| Cash flows from operating activities: | | |
| Cash received from sale of lunches and breakfasts | 77,639 | - |
| Cash received from services provided to other funds | - | 15,421 |
| Cash paid to employees for services | (86,594) | (14,082) |
| Cash paid to suppliers for goods or services | (44,915) | - |
| Net cash (used) provided by operating activities | <u>(53,870)</u> | <u>1,339</u> |
| Cash flows from non-capital financing activities: | | |
| Loans from (repaid) to other funds | 7,001 | - |
| State grants received | 2,169 | - |
| Federal grants received | 42,906 | - |
| Net cash (used) provided by non-capital financing activities | <u>52,076</u> | <u>-</u> |
| Cash flows from capital and related financing activities | <u>-</u> | <u>-</u> |
| Cash flows from investing activities | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (1,794) | 1,339 |
| Cash and cash equivalents at beginning of year | <u>4,223</u> | <u>2,352</u> |
| Cash and cash equivalents at end of year | <u><u>2,429</u></u> | <u><u>3,691</u></u> |
| Reconciliation of operating income (loss) to net cash used by operating activities: | | |
| Operating income (loss) | (64,652) | 1,339 |
| Adjustments to reconcile operating income (loss) to net cash used by operating activities: | | |
| Commodities used | 15,377 | - |
| Depreciation | 397 | - |
| Decrease (increase) in inventories | (2,285) | - |
| Decrease (increase) in accounts receivable | (11) | - |
| (Decrease) increase in deferred revenue | 316 | - |
| Decrease in net pension liability | (11,639) | - |
| Increase in deferred outflows of resources | (4,802) | - |
| Increase in deferred inflows of resources | 13,057 | - |
| (Decrease) increase in other postemployment benefits | 372 | - |
| Net cash (used) provided by operating activities | <u><u>(53,870)</u></u> | <u><u>1,339</u></u> |

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$15,377 of federal commodities.

See notes to financial statements.

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2015

| | |
|---|---|
| | Private Purpose Trust Foundation |
| | <u>\$</u> |
| Assets | |
| Cash, cash equivalents and pooled investments | 76,647 |
| Liabilities | <u>-</u> |
| Net Position | |
| Reserved for scholarships | 28,390 |
| Unreserved | <u>48,257</u> |
| Total net position | <u><u>76,647</u></u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2015

| | Private Purpose Trust Foundation \$ |
|---------------------------------|---|
| Additions: | |
| Local sources: | |
| Gifts and contributions | 750 |
| Interest income | <u>1,816</u> |
| Total additions | <u>2,566</u> |
| Deductions: | |
| Support services: | |
| Scholarships awarded | 3,550 |
| Loss in investment market value | <u>2,819</u> |
| Total deductions | <u>6,369</u> |
| Change in net position | (3,803) |
| Net position beginning of year | <u>80,450</u> |
| Net position end of year | <u><u>76,647</u></u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

Ventura Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Ventura, Iowa and the predominately agricultural territory in a portion of Cerro Gordo and Hancock Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Ventura Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Ventura Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's major proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District's Internal Service Fund is also reported as a proprietary fund. The Internal Service Fund is used to account for the District's employee flexible benefit plan.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals. This fund consists of the Ventura Community School District Foundation which was established by the school in 1996 and is included as part of the District's financial statements as required by Chapter 279.62 of the Code of Iowa. This code section was effective July 1, 2005, but was to be applied retroactively. The Foundation has provided scholarships to Ventura Community School District alumni.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u> | <u>Amount</u> \$ |
|-----------------------------------|---------------------|
| Land | - |
| Buildings | 5,000 |
| Improvements other than buildings | 5,000 |
| Intangibles | 25,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 500 |
| Other furniture and equipment | 5,000 |

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------------------|-----------------------------------|
| Buildings | 50 years |
| Improvements other than buildings | 20 years |
| Intangibles | 3-20 years |
| Furniture and equipment | 5-20 years |

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources . Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year have been paid.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions . For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees Retirement System (IPERS) and additions to/deductions from IPERS fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources . Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015 expenditures exceeded the amounts budgeted in the instructional, support services and other expenditures functions.

2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had the following investments:

| | <u>Fair Value</u> |
|--|-------------------|
| | \$ |
| Goldman Sachs Financial Square Government Fund | 248,635 |

Credit risk: The investment in the Goldman Sachs Financial Square Government Fund was rated Aaa by Moody's Investors Service.

3. **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| | | \$ |
| General Fund | Internal Service Fund | 2,050 |

The loan between the General Fund and Internal Service Fund is for cash flow purposes.

4. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

| Transfer To | Transfer From | Amount |
|-----------------------------|-----------------------|---------|
| | | \$ |
| Nonmajor Debt Service Fund | Capital Projects Fund | 114,420 |
| Major school nutrition Fund | General Fund | 7,001 |

The transfers moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

5. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

| | Balance Beginning of Year \$ | Increases \$ | Decreases \$ | Balance End of Year \$ |
|--|---------------------------------------|-----------------|-----------------|------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 27,350 | - | - | 27,350 |
| Construction in progress | - | - | - | - |
| Total assets not being depreciated | 27,350 | - | - | 27,350 |
| Capital assets being depreciated: | | | | |
| Buildings | 6,807,440 | - | - | 6,807,440 |
| Improvements other than buildings | 382,517 | 9,280 | - | 391,797 |
| Furniture and equipment | 1,204,949 | 121,935 | - | 1,326,884 |
| Total capital assets being deprec. | 8,394,906 | 131,215 | - | 8,526,121 |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,205,398 | 222,608 | - | 2,428,006 |
| Improvements other than buildings | 260,871 | 10,123 | - | 270,994 |
| Furniture and equipment | 753,127 | 93,014 | - | 846,141 |
| Total accumulated depreciation | 3,219,396 | 325,745 | - | 3,545,141 |
| Total capital assets being depreciated, net | 5,175,510 | (194,530) | - | 4,980,980 |
| Governmental activities capital assets, net | 5,202,860 | (194,530) | - | 5,008,330 |
| Business type activities: | | | | |
| Furniture and equipment | 91,990 | - | - | 91,990 |
| Less accumulated depreciation | 89,899 | 397 | - | 90,296 |
| Business type activities capital assets, net | 2,091 | (397) | - | 1,694 |

Depreciation expense was charged to the following functions:

| | |
|--|----------------|
| | \$ |
| Governmental activities: | |
| Instruction: | |
| Regular | 62,865 |
| Support services: | |
| Student support | 1,728 |
| Administration | 3,775 |
| Operation and maintenance of plant services | 3,897 |
| Transportation | 20,749 |
| | <u>93,014</u> |
| Unallocated depreciation | <u>232,731</u> |
| Total depreciation expense . governmental activities | <u>325,745</u> |
| Business type activities: | |
| Food services | <u>397</u> |

6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

| | Balance Beginning of Year (as restated) | Additions | Reductions | Balance End of Year | Due Within One Year |
|---------------------------|--|----------------|----------------|------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Governmental activities: | | | | | |
| Revenue bonds | 1,365,000 | - | 70,000 | 1,295,000 | 65,000 |
| Termination benefits | 107,388 | 187,936 | 43,976 | 251,348 | 62,808 |
| Compensated absences | 14,398 | 5,334 | 7,199 | 12,533 | 12,533 |
| Net pension liability | 1,283,843 | - | 325,723 | 958,120 | - |
| Net OPEB liability | 68,991 | 7,821 | - | 76,812 | - |
| | <u>2,839,620</u> | <u>201,091</u> | <u>446,898</u> | <u>2,593,813</u> | <u>140,341</u> |
| Total | | | | | |
| Business type activities: | | | | | |
| Net pension liability | 45,875 | - | 11,639 | 34,236 | - |
| Net OPEB liability | 2,308 | 372 | - | 2,680 | - |
| | <u>48,183</u> | <u>372</u> | <u>11,639</u> | <u>36,916</u> | <u>-</u> |

Termination Benefits

The District offered a voluntary early retirement plan to its employees during 2012 and 2013. Eligible employees must have completed at least five years of service to the District and must be eligible for IPERS benefits and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

At June 30, 2015, the District has an obligation to eight participants with a total liability of \$251,348. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$43,975.

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

| Year Ending June 30, | Bond Issue of July, 2010 | | | |
|-------------------------|--------------------------|------------------|----------------|------------------|
| | Interest Rates | Principal | Interest | Total |
| | % | \$ | \$ | \$ |
| 2016 | 2.50 | 65,000 | 48,620 | 113,620 |
| 2017 | 2.75 | 65,000 | 46,914 | 111,914 |
| 2018 | 3.00 | 70,000 | 44,970 | 114,970 |
| 2019 | 3.20 | 70,000 | 42,800 | 112,800 |
| 2020 | 3.40 | 75,000 | 40,405 | 115,405 |
| 2021-2025 | 3.60-4.10 | 420,000 | 156,908 | 576,908 |
| 2026-2030 | 4.15-4.40 | 530,000 | 59,742 | 589,742 |
| | | <u>1,295,000</u> | <u>440,359</u> | <u>1,735,359</u> |

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,730,000 bonds issued in July 2010. The bonds were issued for the purpose of financing school renovations. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,735,359. For the current year, \$70,000 of principal and \$50,220 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$191,850.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds include the following provisions:

- \$158,911 of the proceeds from the bonds issue have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.
- Proceeds from the statewide sales, services and use tax shall be placed in a revenue account. Monies in the revenue account shall be transferred from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund, after the required transfer to the sinking account, may be used for any lawful purpose. The sinking fund is part of the Debt Service Fund.

7. Pension Plan

Plan Description . IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 nor at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits . A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of

service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefits includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits . A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement. Death benefits depend on the benefit option the member selected at retirement.

Contributions . Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$183,451.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . At June 30, 2015, the District reported a liability of \$992,356 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.025022 percent, which was an increase of 0.0018631 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$85,357. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| | \$ | \$ |
| Differences between expected and actual experience | 10,785 | - |
| Changes in assumptions | 43,795 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 378,456 |
| Change in proportion and differences between District contributions and proportionate share of contributions | 47,372 | - |
| District contributions subsequent to the measurement date | 183,451 | - |
| Total | 285,403 | 378,456 |

\$183,451 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | \$ |
|------------------------|---------|
| 2016 | 118,435 |
| 2017 | 118,435 |
| 2018 | 118,435 |
| 2019 | 118,435 |
| 2020 | 6,668 |
| Total | 480,408 |

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions . The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Rate of inflation (effective June 30, 2014) | 3.00 percent per annum |
| Rates of salary increase (effective June 30, 2010) | 4.00 to 17.00 percent, average, including inflation. Rates vary by membership group. |
| Long-term investment rate of return (effective June 30, 1996) | 7.50 percent, compounded annually, net of investment expense, including inflation. |

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|------------------------|------------------|--|
| | % | |
| US Equity | 23 | 6.31 |
| Non US Equity | 15 | 6.76 |
| Private Equity | 13 | 11.34 |
| Real Estate | 8 | 3.52 |
| Core Plus Fixed Income | 28 | 2.06 |
| Credit Opportunities | 5 | 3.67 |
| TIPS | 5 | 1.92 |
| Other Real Assets | 2 | 6.27 |
| Cash | 1 | (0.69) |
| Total | 100 | |

Discount Rate . The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate . The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

| | 1% Decrease (6.5%) \$ | Discount Rate (7.5%) \$ | 1% Increase (8.5%) \$ |
|--|--------------------------------|----------------------------------|--------------------------------|
| District proportionate share of the net pension liability | 1,875,030 | 992,356 | 247,289 |

Pension Plan Fiduciary Net Position . Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at www.ipers.org.

Payables to the Pension Plan . At June 30, 2015, the District reported payables to the defined benefit pension plan of \$30,210 for legally required employer contributions and \$20,129 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 44 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Principal Financial. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

| | \$ |
|--|----------------------|
| Annual required contribution | 16,948 |
| Interest on net OPEB obligation | 1,782 |
| Adjustment to annual required contribution | <u>(6,100)</u> |
| Annual OPEB cost | 12,630 |
| Contributions made | <u>(4,437)</u> |
| Increase in net OPEB obligation | 8,193 |
| Net OPEB obligation beginning of year | <u>71,299</u> |
| Net OPEB obligation end of year | <u><u>79,492</u></u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$4,437 to the medical plan. No plan members eligible for benefits contributed to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> \$ | <u>Percentage of Annual OPEB Cost Contributed</u> % | <u>Net OPEB Obligation</u> \$ |
|-------------------|-----------------------------------|--|--------------------------------------|
| June 30, 2010 | 21,610 | 19% | 17,558 |
| June 30, 2011 | 21,753 | 23% | 34,354 |
| June 30, 2012 | 23,684 | 12% | 55,286 |
| June 30, 2013 | 11,869 | 30% | 63,597 |
| June 30, 2014 | 11,212 | 31% | 71,299 |
| June 30, 2015 | 8,193 | 35% | 79,492 |

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$87,062, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$87,062. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,681,000, and the ratio of the UAAL to covered payroll was 5.2%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000.

The UAAL is being amortized over 30 years.

9. Risk Management

Ventura Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$100,147 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

| Program | Amount |
|--|----------------|
| | \$ |
| Early reader | 17,685 |
| Teacher leadership | 5,845 |
| Home school assistance program | 46,812 |
| Educator quality, professional development | 27,572 |
| Core curriculum | 23,905 |
| Market factor | 177 |
| | <u>121,996</u> |

12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

| | Governmental Activities | Business Type Activities |
|---|----------------------------|-----------------------------|
| | \$ | \$ |
| Net position June 30, 2014, as previously reported | 5,973,046 | 2,646 |
| Net pension liability at June 30, 2014 | (1,283,843) | (45,875) |
| Deferred outflows of resources | | |
| Related to contributions made after the June 30, 2013 measurement date | <u>141,171</u> | <u>5,044</u> |
| Net position July 1, 2014, as restated | <u>4,830,374</u> | <u>(38,185)</u> |

13. District Merger

On July 1, 2015 the District merged with the Garner Hayfield Community School District, Garner, Iowa

REQUIRED SUPPLEMENTARY INFORMATION

VENTURA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

| | Governmental Fund Actual | Proprietary Fund Actual | Total Actual | Budgeted Amounts | | Final to Actual Variance - Positive (Negative) |
|---|-----------------------------|----------------------------|-------------------------|-------------------------|-------------------------|---|
| | \$ | \$ | \$ | Original | Final | \$ |
| Revenues: | | | | | | |
| Local sources | 4,054,850 | 77,334 | 4,132,184 | 4,459,536 | 4,459,536 | (327,352) |
| State sources | 515,377 | 2,169 | 517,546 | 318,298 | 318,298 | 199,248 |
| Federal sources | 106,917 | 58,283 | 165,200 | 126,800 | 126,800 | 38,400 |
| Total revenues | <u>4,677,144</u> | <u>137,786</u> | <u>4,814,930</u> | <u>4,904,634</u> | <u>4,904,634</u> | <u>(89,704)</u> |
| Expenditures/Expenses: | | | | | | |
| Instruction | 3,263,340 | - | 3,263,340 | 3,220,000 | 3,220,000 | (43,340) |
| Support services | 1,494,893 | - | 1,494,893 | 1,341,800 | 1,341,800 | (153,093) |
| Non-instructional programs | - | 141,986 | 141,986 | 180,000 | 180,000 | 38,014 |
| Other expenditures | 340,810 | - | 340,810 | 329,617 | 329,617 | (11,193) |
| Total expenditures/expenses | <u>5,099,043</u> | <u>141,986</u> | <u>5,241,029</u> | <u>5,071,417</u> | <u>5,071,417</u> | <u>(169,612)</u> |
| Excess (deficiency) of revenues over (under) expenditures/expenses | (421,899) | (4,200) | (426,099) | (166,783) | (166,783) | (259,316) |
| Other financing sources (uses) net | <u>(7,001)</u> | <u>7,001</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses | (428,900) | 2,801 | (426,099) | (166,783) | (166,783) | (259,316) |
| Balance beginning of year (as restated) | <u>2,126,548</u> | <u>(38,185)</u> | <u>2,088,363</u> | <u>1,821,921</u> | <u>1,821,921</u> | <u>266,442</u> |
| Balance end of year | <u><u>1,697,648</u></u> | <u><u>(35,384)</u></u> | <u><u>1,662,264</u></u> | <u><u>1,655,138</u></u> | <u><u>1,655,138</u></u> | <u><u>7,126</u></u> |

See accompanying independent auditor's report

VENTURA COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District did not amend its budget during the year.

During the year ended June 30, 2015, expenditures in the instructional, support services and other expenditures functions exceeded the amounts budgeted.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

| | <u>2015</u> |
|---|-------------|
| District's proportion of the net pension liability | 0.025022% |
| District's proportionate share of the net pension liability | 992,356 |
| District's covered-employee payroll | 2,054,316 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 48.31% |
| Plan fiduciary net position as a percentage of the total pension liability | 8761.00% |

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Statutorily required contribution | 183,450 | 146,215 | 131,237 | 127,740 | 119,964 | 111,511 | 109,803 | 106,043 | 102,418 | 101,808 |
| Contributions in relation to the statutorily required contribution | <u>183,450</u> | <u>146,215</u> | <u>131,237</u> | <u>127,740</u> | <u>119,964</u> | <u>111,511</u> | <u>109,803</u> | <u>106,043</u> | <u>102,418</u> | <u>101,808</u> |
| Contribution deficiency (excess) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| District's covered-employee payroll | 2,054,316 | 1,637,344 | 1,513,691 | 1,582,902 | 1,726,107 | 1,676,863 | 1,729,181 | 1,752,777 | 1,781,183 | 1,770,574 |
| Contributions as a percentage of covered-employee payroll | 8.93% | 8.93% | 8.67% | 8.07% | 6.95% | 6.65% | 6.35% | 6.05% | 5.75% | 5.75% |

VENTURA COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decrease the inflation assumption from 3.25 percent to 3.00 percent.
- Decrease the assumed rate of interest on member accounts from 4.00 percent to 3.75% percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL. UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

VENTURA COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) \$ | Actuarial Accrued Liability (AAL) (b) \$ | Unfunded AAL (UAAL) (b-a) \$ | Funded Ratio (a/b) % | Covered Payroll (c) \$ | UAAL as a Percentage of Covered Payroll ((b-a)/c) % |
|------------------------|--------------------------------|--|---|---------------------------------------|-------------------------------|---------------------------------|--|
| 2010 | July 1, 2009 | - | 153,811 | 153,811 | 0.0% | 1,250,000 | 12.3% |
| 2011 | July 1, 2009 | - | 147,453 | 147,453 | 0.0% | 1,210,000 | 12.2% |
| 2012 | July 1, 2009 | - | 134,868 | 134,868 | 0.0% | 1,270,000 | 10.6% |
| 2013 | July 1, 2012 | - | 112,505 | 112,505 | 0.0% | 994,000 | 11.3% |
| 2014 | July 1, 2012 | - | 98,709 | 98,709 | 0.0% | 1,278,000 | 7.7% |
| 2015 | July 1, 2012 | - | 87,062 | 87,062 | 0.0% | 1,681,000 | 5.2% |

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

| Assets | Special Revenue Funds | | | Total |
|---|-----------------------|---------------|---------------|----------------|
| | Management | Student | Debt | |
| | Levy | Activity | Service | |
| | \$ | \$ | \$ | \$ |
| Cash, cash equivalents and pooled investments | 326,117 | 39,396 | 89,717 | 455,230 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | 621 | - | - | 621 |
| Accounts | - | 542 | - | 542 |
| Total assets | 326,738 | 39,938 | 89,717 | 456,393 |
| Liabilities, Deferred Inflows of Resources & Fund Balances | | | | |
| Liabilities | - | - | - | - |
| Deferred inflows of resources | - | - | - | - |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Debt service | - | - | 89,717 | 89,717 |
| Management levy purposes | 326,738 | - | - | 326,738 |
| Student activities | - | 39,938 | - | 39,938 |
| Total fund balances | 326,738 | 39,938 | 89,717 | 456,393 |
| Total liabilities, deferred inflows of resources and fund balances | 326,738 | 39,938 | 89,717 | 456,393 |

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

| | Special Revenue Funds | | | |
|---|-----------------------|----------------|----------------|----------------|
| | Management | Student | Debt | Total |
| | Levy | Activity | Service | |
| | \$ | \$ | \$ | \$ |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | 100,516 | - | - | 100,516 |
| Other | 4,970 | 131,460 | 13 | 136,443 |
| Total revenues | <u>105,486</u> | <u>131,460</u> | <u>13</u> | <u>236,959</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 86,715 | - | - | 86,715 |
| Other | - | 148,152 | - | 148,152 |
| Support services: | | | | |
| Student | 379 | - | - | 379 |
| Instructional staff | 949 | - | - | 949 |
| Administration | 2,885 | - | - | 2,885 |
| Operation and maintenance of plant | 25,233 | - | - | 25,233 |
| Transportation | 8,035 | - | - | 8,035 |
| Other expenditures: | | | | |
| Long-term debt: | | | | |
| Principal | - | - | 70,000 | 70,000 |
| Interest and fiscal charges | - | - | 50,970 | 50,970 |
| Total expenditures | <u>124,196</u> | <u>148,152</u> | <u>120,970</u> | <u>393,318</u> |
| Excess (deficiency) of revenues over (under) expenditures | (18,710) | (16,692) | (120,957) | (156,359) |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 114,420 | 114,420 |
| Change in fund balances | (18,710) | (16,692) | (6,537) | (41,939) |
| Fund balances beginning of year | 345,448 | 56,630 | 96,254 | 498,332 |
| Fund balances end of year | <u>326,738</u> | <u>39,938</u> | <u>89,717</u> | <u>456,393</u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

| Assets | Capital Projects | | |
|---|--|--|----------------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| | \$ | \$ | \$ |
| Cash, cash equivalents and pooled investments | 531,973 | 321,529 | 853,502 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | - | 1,577 | 1,577 |
| Due from other governments | 31,901 | - | 31,901 |
| Total assets | 563,874 | 323,106 | 886,980 |
| Liabilities, Deferred Inflows of Resources & Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | - | 10,385 | 10,385 |
| Deferred inflows of resources | - | - | - |
| Fund balances: | | | |
| Restricted for: | | | |
| Debt service | 158,911 | - | 158,911 |
| School infrastructure | 404,963 | - | 404,963 |
| Physical plant and equipment | - | 312,721 | 312,721 |
| Total fund balances | 563,874 | 312,721 | 876,595 |
| Total liabilities, deferred inflows of resources and fund balances | 563,874 | 323,106 | 886,980 |

VENTURA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2015

| | Capital Projects | | |
|---|--|--|-----------|
| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Total |
| | \$ | \$ | \$ |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | - | 337,881 | 337,881 |
| Other | 471 | 1,407 | 1,878 |
| State sources | 203,845 | - | 203,845 |
| Total revenues | 204,316 | 339,288 | 543,604 |
| Expenditures: | | | |
| Current: | | | |
| Support services: | | | |
| Instructional staff services | - | 43,708 | 43,708 |
| Administration services | - | 32,650 | 32,650 |
| Operation and maintenance of plant | 7,894 | 8,776 | 16,670 |
| Transportation services | - | 100,470 | 100,470 |
| Other expenditures: | | | |
| Facilities acquisition | 77,562 | 41,131 | 118,693 |
| Long-term debt fiscal charges | 1,000 | - | 1,000 |
| Total expenditures | 86,456 | 226,735 | 313,191 |
| Excess (deficiency) of revenues over (under) expenditures | 117,860 | 112,553 | 230,413 |
| Other financing sources (uses): | | | |
| Transfers out | (114,420) | - | (114,420) |
| Change in fund balances | 3,440 | 112,553 | 115,993 |
| Fund balances beginning of year | 560,434 | 200,168 | 760,602 |
| Fund balance end of year | 563,874 | 312,721 | 876,595 |

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

| <u>Account</u> | <u>Balance Beginning of Year</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Intra-Fund Transfers</u> | <u>Balance End of Year</u> |
|-------------------|--|-----------------|---------------------|---------------------------------|--------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Annual | 619 | 1,717 | 2,169 | - | 167 |
| Art club | 786 | - | - | - | 786 |
| Athletic fund | (5,497) | 3,822 | 11,034 | 22,165 | 9,456 |
| Athletic resale | 850 | 874 | 550 | - | 1,174 |
| Band | 12,665 | 1,681 | 8,018 | - | 6,328 |
| Band resale | (166) | 969 | 837 | - | (34) |
| Vocal club | 293 | - | - | - | 293 |
| Class of 2012 | 2,122 | - | - | - | 2,122 |
| Class of 2013 | 1,086 | - | - | - | 1,086 |
| Honor society | 15 | 500 | - | - | 515 |
| Stage fund-drama | 1,912 | - | 1,680 | - | 232 |
| Student senate | 222 | 920 | 935 | - | 207 |
| 8th grade DC trip | 19,591 | 120,944 | 122,929 | - | 17,606 |
| Interest/CD | 22,132 | 33 | - | (22,165) | - |
| | <u>56,630</u> | <u>131,460</u> | <u>148,152</u> | <u>-</u> | <u>39,938</u> |
| Total | <u>56,630</u> | <u>131,460</u> | <u>148,152</u> | <u>-</u> | <u>39,938</u> |

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

| | Modified Accrual Basis | | | | | | | | | |
|----------------------------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues: | | | | | | | | | | |
| Local sources: | | | | | | | | | | |
| Local tax | 2,482,183 | 2,682,914 | 2,660,890 | 2,857,739 | 2,788,997 | 2,671,947 | 2,339,343 | 2,239,752 | 2,187,126 | 2,094,066 |
| Tuition | 992,105 | 1,004,477 | 1,085,607 | 804,574 | 826,035 | 652,640 | 710,173 | 748,582 | 810,612 | 722,845 |
| Other | 580,562 | 500,809 | 396,802 | 190,037 | 204,598 | 194,780 | 241,211 | 308,364 | 260,905 | 261,508 |
| State sources | 515,377 | 341,008 | 512,745 | 423,534 | 477,492 | 370,859 | 780,975 | 670,342 | 654,877 | 713,414 |
| Federal sources | 106,917 | 47,396 | 56,598 | 138,922 | 184,758 | 213,601 | 79,759 | 80,457 | 89,973 | 88,005 |
| Total revenues | <u>4,677,144</u> | <u>4,576,604</u> | <u>4,712,642</u> | <u>4,414,806</u> | <u>4,481,880</u> | <u>4,103,827</u> | <u>4,151,461</u> | <u>4,047,497</u> | <u>4,003,493</u> | <u>3,879,838</u> |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | 2,550,182 | 2,445,452 | 2,200,792 | 1,636,252 | 1,668,827 | 1,595,255 | 1,614,422 | 1,562,665 | 1,677,299 | 1,577,185 |
| Special | 295,889 | 319,735 | 333,707 | 318,037 | 312,487 | 291,447 | 304,207 | 361,276 | 350,967 | 301,801 |
| Other | 417,269 | 427,633 | 444,988 | 472,966 | 454,284 | 459,105 | 439,156 | 474,052 | 429,490 | 482,411 |
| Support services: | | | | | | | | | | |
| Student | 133,065 | 124,589 | 63,327 | 37,548 | 41,077 | 34,547 | 50,042 | 49,001 | 45,432 | 44,352 |
| Instructional staff | 182,462 | 119,109 | 778,725 | 111,653 | 91,486 | 80,570 | 101,760 | 78,865 | 59,804 | 24,381 |
| Administration | 545,490 | 464,207 | 497,731 | 467,779 | 437,444 | 473,454 | 509,237 | 493,230 | 499,098 | 461,210 |
| Operation and maintenance | 356,940 | 308,556 | 276,788 | 247,649 | 286,538 | 240,829 | 263,506 | 273,251 | 300,482 | 276,412 |
| Transportation | 276,936 | 179,203 | 139,140 | 214,644 | 156,933 | 129,160 | 131,773 | 226,892 | 121,725 | 120,064 |
| Non-instructional programs | - | 571 | 481 | - | - | - | - | - | - | - |
| Other expenditures: | | | | | | | | | | |
| Facilities acquisition | 118,693 | 196,235 | 274,584 | 535,944 | 961,467 | 708,640 | 192,722 | 100,940 | 13,004 | 126,951 |
| Long-term debt: | | | | | | | | | | |
| Principal | 70,000 | 125,000 | 120,000 | 120,000 | 24,425 | 23,604 | 149,350 | 125,000 | 384,396 | 418,635 |
| Interest and other charges | 51,970 | 54,445 | 55,343 | 56,893 | 61,831 | 1,668 | 5,922 | 10,000 | 20,991 | 32,797 |
| AEA flowthrough | 100,147 | 102,048 | 102,250 | 106,057 | 116,717 | 116,914 | 98,677 | 92,606 | 91,035 | 83,496 |
| Total expenditures | <u>5,099,043</u> | <u>4,866,783</u> | <u>5,287,856</u> | <u>4,325,422</u> | <u>4,613,516</u> | <u>4,155,193</u> | <u>3,860,774</u> | <u>3,847,778</u> | <u>3,993,723</u> | <u>3,949,695</u> |

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Independent Auditor's Report on Internal Control
Over Financial Reporting and on compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Ventura Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Ventura Community School District and of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ventura Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ventura Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ventura Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as items 15-I-A and 15-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ventura Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Ventura Community School District's Responses to the Findings

Ventura Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Ventura Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Ventura Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

June 30, 2016

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2015

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

15-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, processing payroll, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate the duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

15-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

15-II-A Certified Budget: Expenditures for the year ended June 30, 2015, exceeded the certified budget amounts budgeted in the instructional, support services and other expenditures functions.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

15-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

15-II-C Travel Expenses: No travel advances to District officials or employees were noted. No expenditures of District money for travel expenses of spouses of District officials or employees were noted.

15-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.

15-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

15-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.

15-II-G Certified Enrollment: The basic enrollment data certified to the Department of Education was overstated by 2.0 students.

Recommendation: The District should review its control procedures to ensure accurate counts in the future.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

15-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.

15-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

VENTURA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ending June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting (continued):

15-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.

15-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

15-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

| | | |
|---|---------|---------|
| | \$ | \$ |
| Beginning balance | | 560,434 |
| Revenues/transfers in: | | |
| Statewide sales, services and use tax revenue | 203,845 | |
| Other local revenues | 471 | 204,316 |
| | <hr/> | |
| Expenditures/transfers out: | | |
| School infrastructure construction | 77,562 | |
| Other Expenditures | 8,894 | |
| Transfers to debt service fund | 114,420 | 200,876 |
| | <hr/> | <hr/> |
| Ending balance | | 563,874 |

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423e or 423F of the Code of Iowa.

15-II-M Interfund Loans: On October 22, 2009 the Iowa Department of Education issued a Declaratory Order covering interfund loans. The Order states that all loans between funds must be approved by the board of directors, interest must be paid on the interfund loan and the loan must be repaid before the October 1, after each year-end.

We noted that the Internal Service Fund also owes the General Fund \$2,050.

Recommendation: The District should follow the October 22, 2009 Declaratory Order with respect to the interfund loans.

District Response: We will follow the Declaratory Order for loans between funds.

Conclusion: Response accepted.